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MARKET ACCESS SECRETARIAT
Global Analysis Report

Market Overview
Indonesia

Septembre 2016

MARKET SNAPSHOT

- Indonesia is the largest economy in Southeast Asia and the fifth-largest economy in the Asia Pacific region, following China, Japan, India, and South Korea. It is ethnically diverse, with more than 300 ethnic groups. Indonesia's population was 258 million in 2015, an increase of 46 million since 2000, and is the fourth populous country in the world.
- Indonesia, the largest Muslim state in the world, it is also one of the most geographically dispersed nations. It consists of a group of archipelagos which range from the large islands of Sumatra and Java (in the west), through Sulawesi (in the centre) to the territory of Irian Jaya (Western New Guinea), in addition to the territory of Kalimantan and the Molucca Islands.
- With a gross domestic product (GDP) of US$861.8 billion in 2015, this is forecasted to grow by 5.0% in 2016. The annual consumer expenditure in 2015 was US$1,912.8 per capita, with food and non-alcoholic beverages representing US$629.1 or 32.9% of that total.
- With prosperity comes demanding lifestyle, Indonesian consumers are placing a higher priority on convenience and on health and wellness products in order to be able to enjoy a long and prosperous life free from illness, especially middle-income and high-income urban dwellers, consequently, these segments of consumers are seeking products that offer convenience attributes. Packaged food sales continue to grow steadily, reaching US$24.1 billion in 2015 and are forecasted to reach a value of US$27.0 billion by 2016 and US$41.6 billion by 2020.

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PRODUCTION

According to the Food and Agriculture Organization (FAO), agriculture is vital to the Indonesian economy, accounting for 42% of total employment and contributing 13.5% to the GDP in 2015.

The main cultivated crops and commodities in Indonesia include palm fruit oil, cereals, rice, palm oil, sugar cane and various roots and tubers. Palm fruit oil saw a compound annual growth rate (CAGR) of 8.9% from 2010 to 2014, palm oil (11.0%) and palm kernels (11.7%), they were also the largest exported commodities.

CROP PRODUCTION AND LIVESTOCK IN INDONESIA

Top ten crops (tonnes)	2010	2011	2012	2013	2014
Palm fruit oil	97,800,000	105,000,000	113,000,000	120,000,000	126,591,790
Cereals*	84,797,028	83,400,154	88,443,150	89,791,565	89,854,891
Rice, paddy	66,469,394	65,740,946	69,056,128	71,279,712	70,846,465
Palm oil	21,958,120	23,096,540	26,015,500	26,895,500	29,344,500
Sugar cane	26,600,000	24,000,000	28,700,000	28,400,000	28,600,000
Roots and tubers**	27,394,969	27,575,545	28,155,071	27,867,931	27,135,058
Cassava	23,918,118	24,009,624	24,177,372	23,936,920	23,436,384
Coconuts	18,000,000	17,500,000	19,400,000	18,300,000	19,102,130
Maize	18,327,636	17,629,033	19,387,022	18,511,853	19,008,426
Palm kernels	5,900,000	6,540,000	6,920,000	7,530,000	8,000,000

*Aggregate, may include official, semi-official, estimated or calculated data **FAO Estimates

Livestock (head)	2010	2011	2012	2013	2014
Goats	16,620,000	17,483,000	17,862,000	18,500,500	19,216,300
Sheep	10,725,000	11,372,000	13,420,000	14,925,700	15,715,800
Cattle	13,582,000	14,824,000	15,981,000	13,127,800	15,186,300
Pigs	7,477,000	7,525,000	7,900,000	7,610,600	7,873,400
Buffaloes	1,999,500	1,305,000	1,438,000	1,109,500	1,320,600

Meat indigenous (tonnes)	2009	2010	2011	2012	2,013
Chicken	1,404,394	1,539,452	1,664,764	1,733,984	1,837,790
Pork	666,410	713,573	743,400	753,066	767,714
Beef	233,055	277,327	392,720	431,747	446,680
Goat	73,864	68,813	66,356	65,213	66,990
Sheep	54,205	44,905	46,834	44,365	45,688

Source for all: *FAOSTAT Agricultural Production, April 2016. Please 2014 data was not available for "meat indigenous" at the time drafting this report*

TRADE

While Indonesia is a net exporter of many agricultural products, the country is reliant on imports of grains (non-durum wheat), sugar, soyabeans, maize and meat (beef).

Indonesia export of agri-food and seafood products in 2015, trade surplus was US$15.3 billion with imports valued at US$16.2 billion, and US$31.5 billion in exports. Indonesia's agri-food and seafood imports have been growing at an average rate of 4.1% over the last five years.

Indonesia's top agri-food and seafood imports in 2015 were non-durum wheat, oil cake and other residue, sugar, cotton, and soybeans. Key supplying countries were Australia, the United States, Brazil, China and Thailand. Canada was Indonesia's 7th largest supplier of total agri-food and seafood products in 2015, with a 3.8% market share.

Indonesia's Top Agri-Food & Seafood Imports from the World, 2015

Commodity	Import Value US$ millions	Top Suppliers & Market Share			Canada's Share
		1	2	3	
Non-durum wheat	2,045.0	Australia 54.70%	Canada 26.10%	Ukraine 5.90%	26.10%
Oil cake and other solid residue	1,814.0	Brazil 51.55%	Argentina 45.26%	United States 2.41%	0.00%
Raw cane sugar	1,226.5	Thailand 51.17%	Australia 30.47%	Brazil 15.48%	0.00%
Cotton, not carded or combed	1,087.6	United States 32.15%	Brazil 23.45%	Australia 6.71%	0.00%
Soybeans	1,034.4	United States 97.28%	Canada 1.31%	Malaysia 0.77%	1.31%
Maize	687.1	Argentina 54.08%	Brazil 40.30%	India 3.48%	0.00%
Live cattle (excl. pure bred for breeding)	540.6	Australia 99.98%	South Africa 0.01%	n/a	0.00%
Animal feed (Excl. cat and dog food)	447.8	United States 40.93%	Australia 14.94%	New Zealand 11.66%	2.59%
Food preparations	444.5	United States 26.03%	Malaysia 16.60%	Singapore 11.95%	0.46%
Skim milk powder	386.2	Australia 30.94%	United States 24.05%	New Zealand 15.87%	1.79%

Source: *Global Trade Tracker, 2016*

Canada's agri-food and seafood exports to Indonesia were valued at US$528.5 million in 2015. Top exports were non-durum wheat (US$437.0 million), soybeans (US$21.5 million), frozen crab (US$10.7 million), canary seeds (US$8.7 million) and frozen fries (US$8.0 million). In 2015, Canada imported US$169.3 million from Indonesia, thus registering an agri-food and seafood trade surplus of US$359.2 million with the country.

In 2015, Indonesia's processed food imports were valued at US$6.8 billion and its suppliers were divers. New Zealand, Malaysia, Vietnam, Singapore and France were the largest suppliers of processed food to Indonesia, providing over 20% of the market in 2015. Indonesia's processed food imports from Canada were valued at US$33.2 and Canada ranked the 13th largest supplier.

DEMOGRAPHIC

According to Euromonitor, Indonesia's population is estimated to be 258 million, and is predominantly urban. In 2015, 53.7% of the population lived in urban areas and by 2030; this percentage will grow to 63.0%.

In 2015, the population was distributed as follows: 23.5% was aged between 0-14, 68.1% was aged between 15 to 64, and 8.4% of the population was aged over 65.

The population's median age was 28.4 years in 2015, and forecasted to be 31.9 years in 2030. Euromonitor predict that Indonesia will age at a slower rate than the Asia Pacific average.

In September 2014, Indonesia passed a law governing halal products. The law makes halal certification mandatory for all food, beverages, drugs, cosmetics, chemicals, organic and genetically modified products sold in Indonesia, as well as machinery and equipment used in processing these products.

CONSUMER EXPENDITURE ON FOOD AND NON-ALCOHOLIC BEVERAGES

Today, Indonesia is the world's fourth most populous nation, the world's 10th largest economy in terms of purchasing power parity. It has made enormous gains in poverty reduction and consequently all consumers spending indicators are showing a growth.

Total consumer expenditure on food and non-alcoholic beverages reached just over US$162.0 billion or US$629.1 per capita in 2015, a rise of almost 13.8% since 2010. This amount is expected to reach almost US$206.4 billion in 2020 (US$759.4 per capita).

Expenditure per Capita in US$ - Current Prices - Fixed 2015 Exchange Rates

Categories	2010	2011	2012	2013	2014	2015	% CAGR 2010-15
Total consumer expenditure	1,197.0	1,328.9	1,467.1	1,616.6	1,776.7	1,912.8	9.8
On Food and Non-Alcoholic Beverages	399.7	447.3	489.6	536.7	587.3	629.1	9.5
Food	372.6	416.6	456.4	500.4	547.4	586.2	9.5
Bread and cereals	106.4	115.4	123.1	133.3	143.4	151.8	7.4
Meat	25.1	28.7	32.3	36.2	40.0	43.3	11.5
Fish and seafood	51.9	60.1	67.2	74.3	82.1	88.5	11.3
Milk, cheese and eggs	38.3	43.9	49.3	54.7	60.6	65.6	11.4
Oils and fats	22.9	26.1	28.3	30.7	33.6	35.8	9.3
Fruit	29.8	33.1	36.7	40.2	44.0	47.3	9.7
Vegetables	69.7	77.7	84.8	92.4	101.0	108.0	9.2
Sugar and confectionery	15.4	17.0	18.7	20.8	23.0	24.9	10.1
Other food	13.0	14.5	16.2	17.8	19.6	21.1	10.2
On Non-Alcoholic Beverages	27.1	30.6	33.2	36.3	39.9	42.9	9.6
Coffee, tea and cocoa	7.2	8.1	8.7	9.4	10.3	11.0	8.8
Mineral waters, soft drinks, fruit and vegetable juices	19.9	22.6	24.5	26.9	29.6	32.0	10.0

Indonesia: Forecast Expenditure per Capita in US$ - Current Prices - Fixed 2015 Exchange Rates

Categories	2016	2017	2018	2019	2020	% CAGR 2016-20
Total consumer expenditure	2,043.7	2,217.6	2,404.9	2,619.2	2,849.8	8.7
On Food and Non-Alcoholic Beverages	669.2	723.4	781.7	848.5	920.3	8.3
Food	623.4	673.7	727.8	789.9	856.5	8.3
Bread and cereals	160.0	171.4	184.0	198.6	214.3	7.6
Meat	46.3	50.3	54.5	59.3	64.4	8.6
Fish and seafood	94.5	102.5	111.0	120.6	131.0	8.5
Milk, cheese and eggs	70.3	76.5	83.2	90.7	98.7	8.9
Oils and fats	37.9	40.9	44.0	47.7	51.6	8.0
Fruit	50.3	54.5	58.9	64.0	69.4	8.4
Vegetables	114.7	124.0	133.9	145.3	157.5	8.3
Sugar and confectionery	26.7	29.2	31.9	34.9	38.2	9.4
Other food	22.5	24.4	26.5	28.9	31.5	8.8
On Non-Alcoholic Beverages	45.8	49.7	53.8	58.6	63.8	8.6
Coffee, tea and cocoa	11.6	12.5	13.5	14.6	15.8	8.0
Mineral waters, soft drinks, fruit and vegetable juices	34.2	37.1	40.4	44.1	48.0	8.8

Source: *Euromonitor, 2016*

RETAIL SALES

While traditional markets still account for the majority of retail food sales in Indonesia modern retail holds a significant share and is growing year over year. Traditional retail outlets to include wet markets and independent grocery stores are gradually being replaced by modern hypermarkets and supermarkets.

These burgeoning hypermarket, supermarket and minimarket sectors are promising opportunities for packaged food products. In addition, the further growth of the middle class and changes in consumer preferences in addition to improved refrigeration infrastructure and storage facilities, are also creating additional opportunities.

In Indonesia, total packaged food spending saw a strong growth, with a CAGR of 13.4% from 2010 to 2015; Euromonitor forecast another 11.5% increase between 2016 and 2020.

Spending on packaged rice and noodles products has shown a steady increase since 2010, reaching over US$8.6 billion in 2015. It is expected to reach slightly over US$15.0 billion by 2020. Among other foods, spending on baby food and baked goods grew by 13.2% and 11.7% respectively over the same period.

Packaged Food Retail Sales in Indonesia
Historic in US$ Millions, Fixed 2015 Exchange Rate

Category	2010	2011	2012	2013	2014	2015	CAGR % 2010-15
Total packaged food	12,816.4	14,568.5	16,570.4	18,719.5	21,470.9	24,084.5	13.4
Rice, pasta and noodles	4,376.9	5,034.8	5,758.8	6,605.3	7,647.3	8,668.5	14.6
Baby food	1,369.8	1,559.1	1,768.6	2,000.5	2,296.6	2,546.1	13.2
Baked goods	1,248.7	1,384.6	1,561.0	1,747.8	1,958.1	2,175.3	11.7
Dairy	1,077.4	1,204.3	1,366.8	1,545.7	1,767.0	1,991.9	13.1
Confectionery	1,106.4	1,221.4	1,370.9	1,549.2	1,748.2	1,948.3	12.0
Sweet and savoury snacks	714.2	801.4	893.4	1,006.1	1,146.0	1,302.2	12.8
Processed meat and seafood	569.4	663.4	783.5	928.2	1,107.7	1,294.6	17.9
Oils and fats	719.8	879.8	1,025.9	1,037.5	1,192.4	1,227.3	11.3
Biscuits and snack bars	731.8	802.5	889.5	985.6	1,098.0	1,210.8	10.6
Sauces, dressings and condiments	618.0	695.5	782.4	883.6	1,008.5	1,139.8	13.0
Ice cream and frozen desserts	165.5	190.8	223.3	265.6	314.9	369.4	17.4
Spreads	57.1	62.4	69.1	76.8	86.1	96.5	11.1
Breakfast cereals	30.3	35.2	41.3	48.2	56.3	65.3	16.6
Processed fruit and vegetables	25.0	26.3	28.2	30.7	34.1	37.6	8.5
Ready meals	3.5	3.8	4.1	4.5	5.0	5.5	9.5
Soup	2.7	3.2	3.6	4.1	4.8	5.5	15.3

Source: *Euromonitor, 2016* ***CAGR*** *= compound annual growth rate*

Packaged Food Retail Sales in Indonesia
Forecast in US$ Millions, Fixed 2015 Exchange Rate

Category	2016	2017	2018	2019	2020	CAGR % 2016-20
Total packaged food	27,002.7	30,197.3	33,707.7	37,550.7	41,684.9	11.5
Rice, pasta and noodles	9,770.7	10,970.2	12,272.3	13,668.4	15,140.7	11.6
Baby food	2,826.6	3,107.0	3,401.4	3,727.0	4,075.0	9.6
Baked goods	2,402.2	2,644.7	2,913.6	3,211.1	3,529.5	10.1
Dairy	2,234.7	2,504.3	2,798.3	3,117.0	3,456.2	11.5
Confectionery	2,162.1	2,398.0	2,660.2	2,945.7	3,253.4	10.8
Sweet and savoury snacks	1,494.7	1,718.1	1,966.4	2,239.5	2,535.0	14.1
Processed meat and seafood	1,481.3	1,684.2	1,915.0	2,177.1	2,474.0	13.7
Oils and fats	1,344.7	1,490.4	1,660.5	1,857.5	2,079.4	11.5
Biscuits and snack bars	1,283.0	1,444.8	1,626.0	1,828.6	2,052.9	12.5
Sauces, dressings and condiments	1,328.3	1,452.5	1,590.1	1,740.0	1,900.0	9.4
Ice cream and frozen desserts	436.9	515.6	603.3	701.7	811.7	16.7
Spreads	108.1	120.9	135.0	150.6	167.5	11.6
Breakfast cereals	75.7	87.2	99.7	113.8	129.4	14.3
Processed fruit and vegetables	41.4	45.4	49.7	54.4	59.3	9.4
Ready meals	6.3	7.1	8.1	9.2	10.4	13.4
Soup	6.2	7.1	8.1	9.2	10.3	13.5

Source: *Euromonitor, 2016* ***CAGR*** *= compound annual growth rate*

Like other markets in the region, Indonesia is also experiencing a rise in sales of health and wellness packaged foods. Indonesian consumers are making healthier food choices based on growing awareness of the effects of a poor diet, obesity and heart disease. Manufacturers continue to invest in new products fortified with vitamins, healthy ingredients, reduced sugar, cholesterol, and fat. The middle to upper-income groups are willing to pay a higher price for healthier products (Euromonitor International, 2013). Health and wellness food category grew a by CAGR of 13.5% in the last 5 years, and it is forecasted to grow by a further CAGR of 11.5% through 2020.

Health and Wellness Food Retail Sales in Indonesia
Historic in US$ Millions, Fixed 2015 Exchange Rate

Category	2010	2011	2012	2013	2014	2015	CAGR % 2010-15
Total Health and wellness	4,297.7	4,953.0	5,754.5	6,396.0	7,348.3	8,109.3	13.5
Fortified/Functional (FF)	3,366.1	3,903.1	4,478.1	4,953.5	5,687.7	6,249.5	13.2
Naturally Healthy (NH)	852.3	961.6	1,176.8	1,329.5	1,531.5	1,716.6	15.0
Better For You (BFY)	64.8	72.3	81.3	91.8	103.6	114.4	12.0
Food Intolerance	7.9	9.0	10.7	12.8	15.8	17.9	17.8
Organic	6.6	7.0	7.6	8.5	9.6	10.9	10.6

Source: *Euromonitor, 2016* ***CAGR*** *= compound annual growth rate*

Health and Wellness Food Retail Sales in Indonesia
Forecast in US$ Millions, Fixed 2015 Exchange Rate

Category	2016	2017	2018	2019	2020	CAGR % 2010-15
Total Health and wellness	9,069.10	10,130.20	11,304.20	12,608.30	14,018.60	11.5
Fortified/Functional (FF)	6,983.00	7,783.80	8,662.50	9,634.70	10,679.60	11.2
Naturally Healthy (NH)	1,926.40	2,166.80	2,439.50	2,745.90	3,082.90	12.5
Better For You (BFY)	127.10	142.20	159.40	178.60	199.70	12.0
Food Intolerance	20.30	23.20	26.30	29.90	34.00	13.8
Organic	12.40	14.20	16.50	19.20	22.40	15.9

Source: *Euromonitor, 2016* ***CAGR*** *= compound annual growth rate*

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Market Overview: Indonesia

Global Analysis Report

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